

**AMENDMENT TO H.R. 1714**  
**OFFERED BY MR. OXLEY**

Page 9, beginning on line 18, strike title III and insert the following:

1 **TITLE III—USE OF ELECTRONIC**  
2 **RECORDS AND SIGNATURES**  
3 **UNDER FEDERAL SECURITIES**  
4 **LAW**

5 **SEC. 301. GENERAL VALIDITY OF ELECTRONIC RECORDS**  
6 **AND SIGNATURES.**

7 Section 3 of the Securities Exchange Act of 1934 (15  
8 U.S.C. 78c) is amended by adding at the end the following  
9 new subsection:

10 “(h) REFERENCES TO WRITTEN RECORDS AND SIG-  
11 NATURES.—

12 “(1) GENERAL VALIDITY OF ELECTRONIC  
13 RECORDS AND SIGNATURES FOR SECURITIES  
14 LAWS.—Except as otherwise provided in this  
15 subsection—

16 “(A) if a contract, agreement, or record  
17 (as defined in subsection (a)(37)) is required by  
18 the securities laws, and is required by other  
19 Federal or State statute, regulation, or other  
20 rule of law to be in writing, or is required to

1 be authenticated by means of an instrument in  
2 writing, the legal effect, validity, or enforce-  
3 ability of such contract, agreement, or record  
4 shall not be denied on the ground that the in-  
5 strument is not in writing if the instrument is  
6 an electronic record;

7 “(B) if a contract, agreement, or record is  
8 required by the securities laws, and is required  
9 by other Federal or State statute, regulation, or  
10 other rule of law to be signed, the legal effect,  
11 validity, or enforceability of such contract,  
12 agreement, or record shall not be denied on the  
13 ground that such contract, agreement, or record  
14 is not signed or is not affirmed by a signature  
15 if the contract, agreement, or record is signed  
16 or affirmed by an electronic signature; and

17 “(C) if a broker, dealer, transfer agent, in-  
18 vestment adviser, or investment company enters  
19 into a contract or agreement with, or accepts a  
20 record from, a customer or other counterparty,  
21 such broker, dealer, transfer agent, investment  
22 adviser, or investment company may accept and  
23 rely upon an electronic signature on such con-  
24 tract, agreement, or record, and such electronic  
25 signature shall not be denied legal effect, valid-

1           ity, or enforceability because it is an electronic  
2           signature.

3           “(2) IMPLEMENTATION.—

4                 “(A) REGULATIONS.—The Commission  
5           may prescribe such regulations as may be nec-  
6           essary to carry out this subsection consistent  
7           with the public interest and the protection of  
8           investors.

9                 “(B) NONDISCRIMINATION.—The regula-  
10          tions prescribed by the Commission under sub-  
11          paragraph (A) shall not—

12                         “(i) discriminate in favor of or against  
13           a specific technology, method, or technique  
14           of creating, storing, generating, receiving,  
15           communicating, or authenticating elec-  
16           tronic records or electronic signatures; or

17                         “(ii) discriminate in favor of or  
18           against a specific type or size of entity en-  
19           gaged in the business of facilitating the  
20           use of electronic records or electronic sig-  
21           natures.

22           “(3) EXCEPTIONS.—Notwithstanding any other  
23          provision of this subsection—

24                 “(A) the Commission, an appropriate regu-  
25          latory agency, or a self-regulatory organization

1           may require that records be filed in a specified  
2           format or formats if the records are required to  
3           be submitted to the Commission, an appropriate  
4           regulatory agency, or a self-regulatory organiza-  
5           tion, respectively; and

6           “(B) the Commission may require that  
7           contracts, agreements, or records relating to  
8           purchases and sales, or establishing accounts  
9           for conducting purchases and sales, of penny  
10          stocks be manually signed, and may require  
11          such manual signatures with respect to trans-  
12          actions in similar securities if the Commission  
13          determines that such securities are susceptible  
14          to fraud and that such fraud would be deterred  
15          or prevented by requiring manual signatures.

16          “(3) DEFINITIONS.—As used in this subsection,  
17          the terms ‘electronic record’ and ‘electronic signa-  
18          ture’ have the meanings provided in section 104 of  
19          the Electronic Signatures in Global and National  
20          Commerce Act.”.